

**NAPERVILLE DEVELOPMENT PARTNERSHIP**

**FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017**

**TOGETHER WITH AUDITOR'S REPORT**



Certified Public Accountants  
4320 WINFIELD ROAD, SUITE 450  
WARRENVILLE, IL 60555  
630 665 4440  
duganlopatka.com

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Naperville Development Partnership:

We have audited the accompanying financial statements of Naperville Development Partnership (the Organization) (a nonprofit organization) which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2018 and 2017, and the related statement of revenues and expenses - modified cash basis for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors of  
Naperville Development Partnership  
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***Opinion***

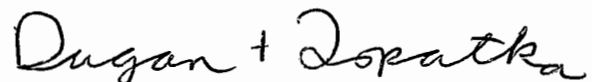
In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Organization as of December 31, 2018 and 2017, and its support, revenue and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



DUGAN & LOPATKA

Warrenville, Illinois  
May 6, 2019

NAPERVILLE DEVELOPMENT PARTNERSHIP  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -  
MODIFIED CASH BASIS  
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 188,539	\$ 176,889
Other current assets	100	100
Total current assets	<u>188,639</u>	<u>176,989</u>
PROPERTY AND EQUIPMENT:		
Furniture and equipment	147,868	146,902
Leasehold improvements	38,128	38,128
Computers	33,813	31,741
Presentation equipment	5,694	5,694
Less: accumulated depreciation	<u>(176,608)</u>	<u>(157,053)</u>
Net property and equipment	<u>48,895</u>	<u>65,412</u>
Total assets	<u>\$ 237,534</u>	<u>\$ 242,401</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	221,973	225,968
With donor restrictions	<u>15,561</u>	<u>16,433</u>
Total net assets	<u>237,534</u>	<u>242,401</u>
Total liabilities and net assets	<u>\$ 237,534</u>	<u>\$ 242,401</u>

The accompanying notes are an integral part of this statement.

NAPERVILLE DEVELOPMENT PARTNERSHIP  
STATEMENT OF REVENUES AND EXPENSES -  
MODIFIED CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUE AND PUBLIC SUPPORT:</b>						
Contributions	\$ 90,000	\$ -	\$ 90,000	\$ 128,500	\$ -	\$ 128,500
City of Naperville	718,184	175,000	893,184	700,667	175,000	875,667
Snow Globes and other	-	-	-	2,367	-	2,367
Interest income	230	-	230	504	-	504
Restrictions satisfied by payments	175,872	(175,872)	-	175,122	(175,122)	-
<b>Total revenue and public support</b>	<b>984,286</b>	<b>(872)</b>	<b>983,414</b>	<b>1,007,160</b>	<b>(122)</b>	<b>1,007,038</b>
<b>OPERATING EXPENSES:</b>						
Personnel	525,527	-	525,527	528,243	-	528,243
Occupancy	78,240	-	78,240	65,383	-	65,383
Development	315,410	-	315,410	325,996	-	325,996
Administrative	69,104	-	69,104	69,498	-	69,498
<b>Total operating expenses</b>	<b>988,281</b>	<b>-</b>	<b>988,281</b>	<b>989,120</b>	<b>-</b>	<b>989,120</b>
<b>Change in net assets</b>	<b>(3,995)</b>	<b>(872)</b>	<b>(4,867)</b>	<b>18,040</b>	<b>(122)</b>	<b>17,918</b>
<b>NET ASSETS, Beginning of year</b>	<b>225,968</b>	<b>16,433</b>	<b>242,401</b>	<b>207,928</b>	<b>16,555</b>	<b>224,483</b>
<b>NET ASSETS, End of year</b>	<b>\$ 221,973</b>	<b>\$ 15,561</b>	<b>\$ 237,534</b>	<b>\$ 225,968</b>	<b>\$ 16,433</b>	<b>\$ 242,401</b>

The accompanying notes are an integral part of this statement.

NAPERVILLE DEVELOPMENT PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Naperville Development Partnership (the Organization) was established in 1995 and is incorporated under the General Not-for-Profit Corporation Act of the State of Illinois. The primary purpose of this Organization is to maintain and improve the economic vitality of the businesses and residents of Naperville, Illinois through the retention, expansion and attraction of all types of commercial enterprises that are conducive to the maintenance and improvement of the quality of life in Naperville. The mission of the Organization is to promote and cultivate new business growth in Naperville, further strengthen the local economy through retention and expansion of existing businesses, facilitate and promote new development programs, cultivate and maintain a labor pool, and maintain a diverse local economy.

The financial statements were available to be issued on May 6, 2019, with subsequent events being evaluated through this date.

Accounting Method -

The accompanying records of the Organization are maintained on the basis of modified cash which recognizes certain revenue and related assets when received rather than when earned and certain expenses when paid rather than when the obligation is incurred, plus recording of property and equipment as assets.

Basis of Presentation -

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of revenues and expenses. The Organization has \$15,561 and \$16,433 restricted for restaurant marketing as of December 31, 2018 and 2017, respectively.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment -

Property and equipment are carried at original cost or fair market value at date of receipt for donated assets. The Organization follows the practice of capitalizing all expenditures for fixed assets in excess of \$500. Depreciation is computed using the straight-line method over their estimated useful lives of the assets ranging from 3 to 10 years. Depreciation expense for December 31, 2018 and 2017 was \$19,555 and \$20,398, respectively.

Use of Estimates -

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes -

The Organization is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded. The Organization files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2015. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Revenue -

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor stipulations.

Advertising -

Advertising costs are expensed as incurred. Total advertising expense for the years ended December 31, 2018 and 2017 was \$99,228 and \$103,100, respectively.

(2) SIGNIFICANT CONCENTRATION OF CREDIT RISK:

The Organization has concentrated its credit risk for cash by maintaining deposits in the bank, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

(3) CONCENTRATIONS OF PUBLIC SUPPORT:

The Organization received funds of approximately 91% and 87% of its total revenue and public support from the City of Naperville for the years ended December 31, 2018 and 2017, respectively. The City of Naperville funds all of the cost for the Naperville Convention and Visitors Bureau and Dine Naperville programs. The City of Naperville grant also funds 80% of the economic development program.

(3) CONCENTRATIONS OF PUBLIC SUPPORT: (Continued)

The Organization is economically dependent upon the continued funding from the City of Naperville as the absence of this funding would significantly alter its financial operations. The operating grants are non-refundable and not subject to any restrictions or stipulations regarding the use of funds.

(4) OPERATING LEASE:

The Organization has a lease for office space with a monthly payment of \$5,835 until March 2018 and \$6,128 until the lease expires in August, 2023. Rent expense totaled \$72,065 and \$40,765 for the years ended December 31, 2018 and 2017, respectively. In 2017, the Organization received an abatement of four months rent in the amount of \$23,340.

The Organization also leased additional storage space on a month-to-month basis. Rent expense for the years ended December 31, 2018 and 2017 was \$3,097 and \$3,357, respectively.

Future minimum lease payments are as follows:

<u>Year ending</u> <u>December 31</u>	
2019	\$ 73,526
2020	73,526
2021	73,526
2022	73,526
2023	49,018

(5) RETIREMENT PLAN:

The Organization sponsors a Simple IRA Plan, which allows eligible employees to contribute tax deferred amounts to the plan for their own account. The Organization also matches a portion of eligible contributions. The employer contributed \$11,520 and \$12,589 under this plan during the years ended December 31, 2018 and 2017, respectively.

(6) RELATED PARTY TRANSACTIONS:

During the normal course of business, the Organization conducts arm's-length transactions with businesses owned by various board members. However, all board members sign a conflict of interest statement on an annual basis that discloses any potential conflicts with the Organization. If a member has a conflict over a contract with a vendor, they will remove themselves from the discussion and the vote, as is the general practice for boards.



NAPERVILLE DEVELOPMENT PARTNERSHIP  
SCHEDULE OF OPERATING EXPENSES -  
MODIFIED CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
PERSONNEL:		
Salaries and wages	\$ 429,344	\$ 423,680
Payroll taxes and benefits	96,183	104,563
	<u>525,527</u>	<u>528,243</u>
OCCUPANCY:		
Rent	58,534	44,582
Repairs	6,476	7,466
Utilities	3,506	3,158
Telecommunications	9,724	10,177
	<u>78,240</u>	<u>65,383</u>
DEVELOPMENT:		
Data development	22,872	18,868
Promotion	17,924	17,561
Presentation	29,096	36,175
Public relations	9,018	9,774
Restaurant advertising and marketing	175,872	175,122
Other advertising and brochures	32,342	34,906
Trade shows and other	28,286	33,590
	<u>315,410</u>	<u>325,996</u>
ADMINISTRATIVE:		
Committees	7,500	7,552
Dues and subscriptions	7,008	7,114
Depreciation	19,555	20,398
Insurance	5,581	7,398
Professional fees	6,250	6,198
Supplies	10,648	11,244
Postage and delivery	1,522	1,408
Stationery	803	700
Storage rental	3,097	3,357
Travel and entertainment	4,731	1,520
Other	2,409	2,609
	<u>69,104</u>	<u>69,498</u>
Total operating expenses	<u>\$ 988,281</u>	<u>\$ 989,120</u>